

of the deed provides that the King and his licensees shall have during the term of the lease the right to use the company's tramway for the purpose of conveying timber and farm-produce to market, provided that the right of user shall be for the purpose only of conveying timber and farm-produce from Crown lands, and shall be subject to payment of such reasonable terms and conditions as to freight and charges as may be agreed upon or determined by arbitration in the usual way under the Arbitration Act. Hence there is already complete power on the part of the Crown to compel the company to carry all timber and farm-produce from its Crown lands, and this was conceded by the company as a compromise of the Government's claim that the company should carry upon its line all timber and produce.

Without further reason, therefore, it is submitted that the Crown will keep faith with the company, and will not take advantage of the technical rights in the Crown created by the Tramways Act to impose a burden which shortly stated would be ruinous to the company's chance of financing itself in its present difficulties.

It is submitted that this should conclude the matter, but I desire to place on record additional reasons why the suggested condition should not be insisted on. First, you will recollect that what is asked for here is not a right to run along a road or street, as is usual in tramways, and thus create a monopoly. All the company asks is the right to cross at right angles, or nearly so, one main road from Putaruru to Atiamuri, which, as you know, is used now only by intermittent tourist traffic. The other roads are mere paper roads or tracks numbering probably three or four. Hence no traffic can possibly be interfered with, as would be in the case of a tramway running along a street or road, and it is suggested, apart from the compact already made and referred to, that to ask as a condition precedent to granting a right to cross these roads an undertaking to carry all traffic as here suggested would be unreasonable.

Second, the company has found it enormously difficult to secure in New Zealand, as it has done, the £200,000 requisite to carry out its undertaking, and it has no means whatever to furnish rolling-stock other than that actually required to carry its timber from the mills to Putaruru. No doubt, if the Government demand that it should carry timber from Crown lands it must somehow fulfil its obligation, but it will be impossible for the company to find the additional rolling-stock necessary to carry timber from private lands when called upon from the Taupo end to Putaruru. The company has no desire whatever to act the part of "dog in the manager" in this matter. It is at the present moment undergoing a serious struggle for existence. In about a year from the present date the company has to find over £50,000 to meet debts and liabilities falling due, and unless the compact entered into originally with the Crown and company is kept as already stated by myself the difficulties of raising this capital will be almost insurmountable.

You will observe that in the schedule to the Order in Council, which we enclose, certain rates are fixed for traffic if the company carries goods. These rates have been fixed as low as the company could afford to make them, looking at the rate of interest the company has to pay and its other heavy expenses.

I enclose herewith a copy of the Order in Council I have drawn, and I trust that it will meet with the approval of yourself and the Crown Law Advisers.

Yours truly,

FINDLAY, DALZIELL, AND CO.

H. J. H. Blow, Under-Secretary for Public Works, Wellington.

Colonial Exchange Buildings, Wellington, 19th April, 1906.

DEAR SIR,—

Re *Taupo Timber Company's Tramway*.

In accordance with our Dr. Findlay's proposal to you of yesterday, we beg to send you herewith a draft of the Order in Council under the Tramways Act, 1894, and the Counties Act, 1903, which we ask you to approve.

Yours faithfully,

FINDLAY, DALZIELL, AND CO.

H. J. H. Blow, Esq., Public Works Department, Wellington.

1906/2614; 159/309.

Public Works Department, Wellington, 26th April, 1906.

GENTLEMEN,—

*Taupo Tramway*.

I am duly in receipt of your letter of the 19th instant, forwarding draft Order in Council to authorize the above tramway, and have to state that the same will receive my best attention.

It is observed that the Order refers to certain plans which you propose to deposit when the Order is formally applied for. I should be glad if you could kindly let me see these plans now.

I have, &c.,

H. J. H. Blow, Under-Secretary.

Messrs. Findlay, Dalziell, and Co., Solicitors, Wellington.

1906/2614; 120/1046.

Public Works Department, Wellington, 5th July, 1906.

GENTLEMEN,—

*Taupo Timber Company's Tramway*.

The rough-draft Order in Council in reference to the above which you forwarded to this office under cover of your letter of the 19th April last has received consideration, and I have now the honour to state that if an application for an Order in Council on the lines suggested is made